GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2517
ANSWERED ON:18.03.2005
SHARE OF FOREIGN BANKS
Seth Shri Lakshman Chandra

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to carry forward the policy of banking deregulation despite a cautious approach suggested by the RBI in this regard;

(b) if so, the details thereof;

(c) the proposed share of foreign banking entities in Indian banking sector; and

(d) the implications of the banking sector deregulation for the economy?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM):

(a) to (d) Public Sector banks account for almost 76 percent of the total banking business in the country. In order to bring banking industry to global level, new initiatives have been introduced inciuding consolidation of the domestic banking system in both public and private sectors on the one hand and gradual enhancement of the presence of foreign banks in India in a phased manner on the other hand. This will be consistent with India`s commitments to the WTO. This deregulation will help the banking sector in gaining efficiency and stability of global standards.